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March 15, 1996

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Mr. William F. Caton
Acting Chief
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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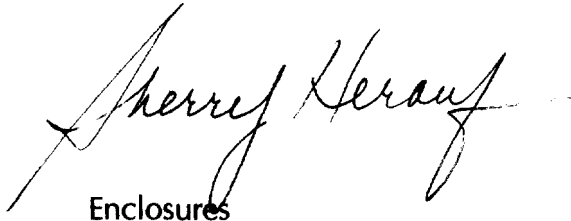
Dear Mr. Caton:

Re: *PP Docket No. 96-17, Improving Commission Processes*

On behalf of Pacific Bell and Nevada Bell, please find enclosed an original and six copies of their "*Comments of Pacific Bell and Nevada Bell*" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of

Improving Commission Processes

PP Docket No. 96-17

COMMENTS OF PACIFIC BELL AND NEVADA BELL

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SUMMARY

We are pleased the Commission is taking the opportunity to review its processes and try to improve the way it operates.

We have suggestions for the Common Carrier Bureau on streamlining the number of reports we must file, accounting requirements, and tariffing requirements, as well as some suggestions for the Wireless Bureau regarding license applications.

We believe the Commission should reexamine its reporting requirements to consider issuing an annual data request for information the Commission needs to conduct its business, rather than the current system of repetitive filings of diverse and sometimes redundant information.

We further suggest that the necessity for Part 69 waivers be eliminated for routine-type filings.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Improving Commission Processes

PP Docket No. 96-17

COMMENTS OF PACIFIC BELL AND NEVADA BELL

Pacific Bell and Nevada Bell file these comments in response to the Notice of Inquiry in the above captioned docket. The Notice seeks information and suggestions as to what steps the Commission can take to improve its services, and what procedural changes are necessary after the passage of the Telecommunications Act of 1996.

The Commission's stated goals are to eliminate redundancy, reduce waste, privatize where warranted, consolidate and automate for efficiency, and expand the use of alternative rulemaking mechanisms.¹ We believe that, with these goals, various improvements can be easily made. We commend the Commission for its efforts to improve Commission processes and look forward to realizing significant efficiencies which can be obtained as a result of this NOI.

¹ Notice of Inquiry (NOI), para. 9.

I. COMMON CARRIER BUREAU

A. Reports Can Be Streamlined And/Or Eliminated

The Pacific Companies file many reports with the Commission. These reports range from broad financial information to individual trunk circuit reports. Many thousands of pages are filed each year with the Commission.² Occasionally, some of that information gets combined with other carriers' information for data issued by the Industry Analysis Division. For most of the reports, though, the use or value of such reports to the Commission is not apparent.

The Common Carrier Bureau made a step in the right direction last year when it solicited comments on whether to eliminate certain reports mandated by divestiture in 1984.³ While those reports are duplicative and should be eliminated, there are many other reports, as well as many other functions that could be eliminated or substantially reduced. The Commission recently issued a Notice of Proposed Rulemaking entitled Revision of Filing Requirements⁴ which, rather than looking broadly at which reports are still necessary and useful to the Commission, instead proposes to eliminate a few reports and otherwise reduce filing frequency from quarterly to semi-annually for a few other reports. Such minor steps are hardly equal to the task outlined in this proceeding as "reinventing the FCC."⁵

² Many reports must also be filed on disk (such as ONA User's Guide). Far from succeeding as a paperwork reduction method, this requires both hard copy and diskette filing. This increases the resources necessary for the carrier to duplicate the work required to file the particular report.

³ Public Notice, Common Carrier Bureau Solicits Comments on Elimination of Divestiture Reports, Report No. CC 95-34, June 14, 1995.

⁴ CC Docket No. 96-23, NPRM released February 27, 1996.

⁵ NOI, para. 2.

In determining whether to eliminate the current reporting requirements, or other functions, the Commission should determine in each case the necessity and value of the requirement in today's regulatory environment, given the various directives to reduce paperwork and administrative regulation.⁶ We file many reports with a myriad of details. In an era of price cap regulation, where we have chosen a plan with no sharing, the need for this type of reporting seems to be minimal. Our rates are no longer set based on our investment and expense levels. Reporting in this manner is thus a holdover from an older era of regulation. The FCC should reinvent itself by rethinking its burdens on the carriers.

We can cite other reports filed as holdovers from the past. For example, even though the Commission did away with the net revenue test for new services⁷ we are still required to file a quarterly report to display the actual cost versus estimated cost information. This requirement exists even though similar information is presented in the Tariff Review Plan in each company's Annual Access Filing the year following the introduction of the new service. In an era of price cap regulation, such a requirement is therefore unnecessary.⁸

⁶ Paperwork Reduction Act of 1980, 44 U.S.C. § 3501. See also Exec. Order No. 12866, 3 CFR 638 (1994) directing administrative agencies to reduce the industry's regulatory burden and to determine whether regulations have become unjustified or unnecessary as a result of changed circumstances.

⁷ Amendments of Part 69 of the Commission's Rules Relating to the Creation of Access Charge Subelements for Open Network Architecture, CC Docket No. 89-79, Report & Order, released July 11, 1991, para. 12.

⁸ In CC Docket No. 96-23, Revision of Filing Requirements, rather than proposing to eliminate this report, the Commission proposes only to reduce the frequency from quarterly to semi-annually.

ONA⁹ reporting could also be radically changed. Currently we file numerous paper and diskette reports on both a semi-annual and annual basis on a variety of ONA-related subjects. Many of the reports are no longer needed because of the maturity of ONA deployment, and because IILC, the Information Industry Liaison Committee, is an effective forum for exchange of information and issues relating to the ESP industry. We therefore will suggest, in the context of the upcoming proceeding on filing requirements¹⁰ to streamline ONA reporting to an annual ONA report¹¹ which contains the ONA services User Guide, a listing of new ONA service requests, and ONA service requests designated for further development.

Our suggestion for all reports is for the Commission to adopt a policy whereby any new report required in connection with a particular docket be examined for its necessity and value. The reporting requirement should also be given a sunset provision (perhaps 1 or 2 years) that would require the Commission to determine whether such a report should continue. That way, reporting requirements will not continue indefinitely unless the information is deemed essential by the Commission.

Another suggestion is that rather than requiring the minutiae of detail sought in various reports, the Commission, on an annual basis, issue a single data request seeking just that information it needs for its regulatory purposes. For example, if the Commission wants to examine ISDN deployment it can issue a data request seeking the same information from all companies. Or, rather than picking out 1 line

⁹ Open Network Architecture.

¹⁰ NPRM, CC Docket No. 96-23.

¹¹ On diskette only, no paper copy.

from ARMIS¹² that it wants to roll up to an industry level, the Commission should ask just that question, rather than requiring ARMIS data on many other items that no one looks at or reviews. This suggestion would eliminate most of the continuing requirements for reporting, and would allow company resources to be targeted to the competitive marketplace rather than to the regulator.

B. Accounting Requirements Should Reflect The Move To A Competitive Market

There are various ways the Commission could streamline regulation of common carriers with respect to accounting issues. As we move into a competitive marketplace, the detailed accounting requirements should give way to allow the corporation to more closely follow generally accepted accounting principles as do competitive nonregulated companies.

For example, Section 32.2000 of the Commission's Rules requires continuing property records to be kept by the carrier in minute detail as to each individual asset purchased by the carrier. Such record keeping is extremely costly to the company, with no corresponding benefit to consumers, ratepayers, or regulators. In a price cap environment, particularly if a company has chosen a no sharing option, costs are irrelevant to its rates. The company should be free to evaluate its recordkeeping systems in light of generally accepted practices used by the business and financial community.

¹² Automated Reporting Management Information System.

In the past, we have tried, through USTA, to suggest changes to the Commission that will help accomplish this. In May 1994, USTA filed a Petition for Rulemaking to eliminate the continuing property record requirement for certain support assets.¹³ No action has yet been taken by the Commission. Also, in March 1994 USTA filed a petition for rulemaking seeking to increase the expense limit¹⁴ from \$500 to \$2000 in order to bring the accounting practices of regulated companies closer to the practices of comparable, unregulated companies. While the Commission issued a notice of proposed rulemaking in 1995 on this subject, the Commission proposed to increase the limit from only \$500 to only \$750.¹⁵ Again, hardly "reinventing the FCC."

The Commission has not taken any action. In both of these cases, the Commission should allow the carrier to determine its accounting methods according to externally based generally accepted accounting principles. The need for Commission oversight of the minutiae of accounting details is not justified in today's industry.

The Telecommunications Act of 1996 amended Section 220 of the Communications Act so that it is no longer necessary for the Commission to prescribe depreciation rates for telephone companies. The language is changed to a permissive "may." The Commission should allow us to set our own depreciation rates as do

¹³ Petition for Rulemaking to Amend Part 32 of the Commission's Rules to Eliminate Detailed Property Records for Certain Support Assets, RM 8640, filed May 31, 1994.

¹⁴ The expense limit denotes the amount over which an item must be capitalized rather than expensed.

¹⁵ Revision to Amend Part 32 Uniform System of Accounts for Class A and Class B Telephone Companies to Raise the Expense Limit for Certain Items of Equipment from \$500 to \$750, CC Docket No. 95-60, Notice of Proposed Rulemaking, released May 31, 1995.

companies not subject to Title II regulation. We look forward to the upcoming proceeding in February 1997 on depreciation reform to further explain our views.

And finally, the Commission might simplify its regulatory reporting requirements. The Commission requires carriers to file numerous ARMIS reports. All of these reports carry a requirement to correct any error discovered by a company¹⁶ even if the errors are insignificant or are so old that any impacts on rates or price cap filings have long expired. In our experience, the tremendous expense of refiling these reports exceeds any apparent value of the revised reporting.

Since the Commission's resources are overtaxed, and will continue to be so as it considers the numerous impacts of regulatory reform, we would suggest placing limits on the period of time for which refiling of reports would be required. Several current models for such limits are available. One such model is that of the FCC 492/492A which reports interstate rates of return. Per Part 65.600(d)(2) of the Commission's Rules, the final rate of return report for a price cap company is filed fifteen months after the end of the calendar year in question. Another model is the statute of limitations, 47 U.S.C. 415, i.e., two years after the event in question. Either of these models applied to regulatory reporting requirements to reduce unnecessary retroactive reporting would better serve the Commission's resources as well as those of the reporting companies at little risk to the monitoring process as a whole.

¹⁶ For example, "Carriers are under a legal obligation to correct any erroneous data discovered in the FCC Report 43-01." From FCC Report 43-01 - Reporting Procedures, June 1990, § F.1.

C. The Tariffing Process Can Be Simplified

As we stated in our comments in CC Docket No. 94-1, there are numerous ways to streamline regulation of common carriers.¹⁷ The cumbersome procedures currently used by the Tariff Division can be improved through streamlining. Requirements to seek waivers and other administrative procedures in order to make routine filings is antiquated, unnecessary and should be changed.

1) Part 69 Waivers

For example, whenever we want to establish any new switched access service, or even restructure an existing switched service, we must file a Part 69 waiver in order to establish a rate element so that we can charge for that service. That waiver request is then put out for public comment, and an order is eventually issued.

Assuming the waiver is granted, we then need to file the tariff itself, which is also subject to public comment. This gives competitors two opportunities to get information about upcoming services, and to delay service implementation for us. In many cases we have customers who are waiting for our regulatory approvals so that they can order our new service.

As Commissioner Chong observed earlier this year, "our regulations must be flexible enough to keep up with technology. One of my most difficult tasks was to tell my former clients that they could not implement innovative marketing plans or technology without time-consuming regulatory approval. It frustrated them; it frustrated

¹⁷ Comments of Pacific Bell and Nevada Bell in response to CC Docket No. 94-1, filed December 11, 1995.

me. Regulation should not frustrate entrepreneurial spirit. Rather, regulations must be flexible enough to keep up with market and technological changes."¹⁸

Far from the Commission's goal to encourage new products and services, this cumbersome procedure serves only to hamper innovation and to disadvantage our services vis a vis our competitors who are not burdened by these rules. We have set out our proposals for the elimination of Part 69 waivers and the streamlining of rate regulation in our comments to CC Docket No. 94-1.¹⁹

2) Part 61 Waivers

Similarly, we need to file Part 61 waivers, often called Applications for Special Permission ("ASPs") in order to accomplish simple results. These waivers serve no apparent purpose since they are not even put out for public notice. For example, we need to file an ASP in order to reference a technical publication, or some other document outside the tariff, because of a rule which states that nothing outside the tariff can be referenced therein.²⁰ We also need to file ASPs in order to advance or defer a tariff effective date, even when we do so at the explicit request of the Tariff Division. Of course after the ASP is granted, we then need to refile the tariff showing the new effective date. To add insult to injury, each time we make any filing, we need

¹⁸ Remarks of Commissioner Rachelle Chong to the Federal Communications Bar Association, Washington, D.C., January 19, 1995.

¹⁹ Comments of Pacific Bell and Nevada Bell in response to CC Docket No. 94-1, filed December 11, 1995. See also Comments of the United State Telephone Association ("USTA"), filed December 11, 1995, pages 15-21.

²⁰ 47 C.F.R 61.74

to pay the filing fee. Thus the process is not only long and cumbersome, but also becomes quite costly. Changes are needed.

While this proceeding may not be the place to address the details of those items that can be streamlined in the tariffing process, we look forward to setting forth the particulars in the upcoming Part 61 proceeding required by the Telecommunications Act.²¹

II. WIRELESS BUREAU

The Notice seeks information and suggestions for streamlining processes at the Wireless Bureau. The Wireless Bureau has successfully improved and streamlined many processes relating to applications and renewals. We have a couple of additional items that could be implemented.

Recently, the Commission streamlined some processes by eliminating the requirement of filing Form 494A for certification of completion and established a common anniversary date for some services.²² However, Form 489 is still required for a certification of completion²³ and there is still no common anniversary date for services covered under Part 80 and Part 90 of the Rules. The same efficiencies should be granted which will further reduce costs and eliminate unnecessary time consuming processes.

²¹ Currently scheduled for Third Quarter 1996.

²² In The Matter of Reorganization and Revision of Parts 1, 2, 21, and 94 of the Rules to Establish a New Part 101 Governing Terrestrial Microwave Fixed Radio Services, WT Docket No. 94-148, Report and Order, FCC 96-51, released February 29, 1996.

²³ 47 C.F.R.

Applications should be automatically granted at the expiration of the 30 day period after Public Notice if no objections have been lodged. Before an application has been filed, the licensee must submit the application to frequency coordination and it must be found to be free of any and all interference.²⁴ If no objections are filed during the 30 day period, the application should be granted without further paperwork. This would speed the time the systems can begin operation and would reduce the number of status inquiries from licensees seeking approvals of their applications.

We support the use of the Internet to speed information delivery. All Public Notices for all services should appear on the Internet. Currently, Part 22 activity is not available. The Commission could also provide application status and the details of station authorizations/licensees via the Internet. This would eliminate status inquiries and allow users access to the technical details of the authorizations which are not provided on the issues license. We also support the ability to file applications electronically to reduce the time spent in processing paper.

III. CONCLUSION


The Commission has been working to streamline processes and improve the way it does business. The Commission should continue with these efforts. We

²⁴ 47 C.F.R. 21.100(d).

have made a few concrete suggestions in this filing, and will continue to offer suggestions as the Commission implements the Telecommunications Act.

Respectfully submitted,

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